

THE LEONARD LETTER

February 22, 2005

QUOTE OF THE WEEK

"Liberty requires restraints on popularly-elected leaders, as well as from minorities, so that the individual is protected from undue and arbitrary coercion by the state. These restraints are provided by a plurality of more or less equal and independent groups which check and balance one another's power."

--- William Kornhauser (1925-2004) Professor

Source: *The Politics of Mass Society*, 1959

UNDER THE DOME

****Still Working on Workers' Comp****

One legislator gets it. Senator Chuck Poochigian is introducing legislation on workers' compensation, a subject that many in the Capitol thought had been resolved but actually is still a mess. One clue that it had not really been resolved is that the major reform bill passed by a vote of 110-6 in both houses. Such an overwhelming vote—on an issue that is genuinely divisive—tells me that many good reforms were left on the table. With California workers' compensation insurance rates still almost three times the national average, business owners are hankering for lower rates, workers are eager for better care, and they all want some of those good reforms implemented. This is one issue where both workers and business owners can win if costs are lowered for insurance companies, lawyers, and medical care. The legislature needs to keep tackling this problem until they get it right, and Senator Poochigian is leading the way.

*****Legislature Stumbles Out of the Gate*****

For the first time in my memory, the deadline for introducing new legislation has been postponed. The Legislative Counsel's office was granted an additional four days to draft ideas into bills. I do not know whether this is due to an inordinate number of vague ideas coming from staff and members, or if the Legislative Counsel staff is not performing as quickly as they have in the past. As of this writing only about 650 Assembly Bills and 390 Senate Bills had been introduced before the February 18th old deadline for introducing new bills. I would expect something on the order of four times this number to make it across the desks in both houses by the end of Tuesday the 22nd, the new deadline.

Really, this is not that big of a deal. But at the same time, it is not the most auspicious start to a session that many believe is make-or-break for the legislature.

*****Merit in MIC*****

You have read much about the controversial Manufacturers Investment Tax Credit in this newsletter. The idea is sound: let manufacturers have a tax break on equipment they purchase so that they are willing to move to or stay in California. Too many other states offer manufacturers much better tax situations than California, which means the jobs go elsewhere. However, the previous version of the MIC had manufacturers pay the sales tax on items and then apply for a refund of that amount. The Board was criticized for granting these refunds even though that is what the law required of us. Senators Abel Maldonado (R-) and Elaine Alquist (D-) have come together to sponsor a new, more straightforward version of MIC. Their measure will simply reimburse the sales tax paid for qualified equipment. I commend their willingness to step into the fray and recognize that something must be done to encourage job creators to be in California. Combined with workers' comp reform, a renewed improved MIC will help them do so.

*****Students Debate Taxes*****

If you know a high school student with any interest in public policy issues then I recommend the YMCA Youth and Government Program. This last weekend 2,200 California high schoolers took over the Capitol and did the work of Governors, Legislators, Supreme Court Justices, and, yes, Board of Equalization Members. Margaret Pennington of my staff was one of the coaches for the first time ever BOE section. The students did a great job and they did everything we do. They presented the taxpayer's case, defended the government's position, followed the Clerk's rules of order, and then, after asking questions, the Board members voted on the cases. My commendations to a great team. Pictures will be on my web site soon.

AROUND THE STATE

*****Told You So*****

A decade ago I got in trouble with the University of California officialdom and their elitist supporters for saying that the then-UC Berkeley Chancellor was nothing more than a professional fundraiser. Not only is this true, it is also sad as there is little leadership at the top of the UC system. The Regents have delegated authority to the administration, the administration to the Academic Senate, and the Senate to the individual department chairs who are unaccountable to the public or to the students. Now in an LA Times piece on the search for the new UC Irvine Chancellor comes this fact: "In a 2001 survey, the American Council on Education found that presidents of public institutions like UC Irvine said fundraising took up more time than any other activity." Maybe it's not as controversial when the American Council on Education says it, but it is no less sad.

MISCELLANY

*****Minnesota Merit Pay*****

California is not the only state with a Governor pushing the idea that teachers should be paid based on their performance, not just their number of years in the classroom. In Minnesota, Governor Tim Pawlenty has already implemented pilot programs to see how pay-for-performance can work. The school districts experimenting with the Governor's idea have teachers reviewed by administrators and peers and uses student achievement as a factor in determining raises. Pay does not go down, but teachers can go without increases if their students are not making progress. In one district the superintendent estimates that 90-95% of teachers were successful at meeting goals last year and added about \$750 each to their base salaries. Governor Pawlenty says, "Ten years ago, if you were for performance pay, you were a nut. Now we can have a discussion about it with the unions in a very constructive, positive way. It's not meant to be a punishment. I think we're all big enough to realize the system we have now is outdated."

*****A Good Read*****

Human Events list of the most important American biographies continues with the "Personal Memoirs of U.S. Grant" by Ulysses S. Grant. The book was written while Grant was suffering from throat cancer and was published after his death by Samuel Clemens (a.k.a. Mark Twain). The book chronicles Grant's war experiences, focusing on the Civil War battles and strategies, and culminating with Lee's surrender at Appomattox. Reading this book gives one a better sense of the turning point in American history and demonstrates that so much of history turns on the decisions and actions of one person.

BOE AND LEGISLATIVE DATES

February 1 – March 31, 2005 --- Application period for tax amnesty.

March 17, 2005 --- Legislature's spring recess begins.

March 28, 2005 --- Cesar Chavez's birthday observed.

March 29, 2005 --- Legislature reconvenes from spring recess.

April 29, 2005 --- Last day for policy committees to hear and report fiscal bills.

NOTABLE DATES/ HISTORY

February 21, 1855 --- The Washington Monument was officially dedicated in Washington, D.C. The monument, however, was not completed for another 33 years.

February 22, 1732 --- George Washington was born in Wakefield, Westmoreland, Virginia.

February 22, 1854 --- The first meeting of the Republican Party was held in Michigan.

February 22, 1856 --- The first national meeting of the Republican Party was held in Pittsburgh.

February 22, 1920 --- The first artificial rabbit was used at a dog race track (Emeryville, CA).

February 22, 1923 --- The first successful chinchilla farm was established in the U.S. (Los Angeles, CA).

February 22, 1980 --- Afghanistan declared martial law.

February 23, 1836 --- The Alamo was besieged by General Santa Anna; later the entire garrison was killed.

February 23, 1887 --- Congress granted the Seal Rocks to San Francisco.

February 23, 1900 --- The steamer "Rio de Janeiro" sank in San Francisco Bay.

February 23, 1942 --- A Japanese submarine fired on an oil refinery in Ellwood, CA.

February 23, 1993 --- The Sacramento Gold Miners were admitted as the Canadian Football League's 9th franchise and the first U.S. team.

February 23, 1998 --- The Supreme Court let Megan's Law stand putting sex offenders information out to the public.

February 24, 1803 --- For the first time, the Supreme Court ruled a law unconstitutional (Marbury vs Madison).

February 24, 1821 --- Mexico, including California, declared independence from Spain.

February 24, 1857 --- The Los Angeles Vineyard Society was organized.

February 24, 1868 --- The U.S. House of Representatives voted 126 to 47 to impeach President Andrew Johnson.

February 24, 1917 --- The Russian revolution broke out.

February 24, 1924 --- Johnny 'Tarzan' Weissmuller broke the world's record in the 100-meter swimming event. He did it in 57 2/5 seconds. (The current 100 meter record using a 50 meter pool is 47.84.)

February 24, 1987 --- Kareem Abdul-Jabbar, of the Los Angeles Lakers, got his first three-point shot.

February 25, 1791 --- The First Bank of the U.S. was chartered.

February 25, 1793 --- The first cabinet meeting was held at George Washington's home.

February 26, 1848 --- Marx & Engels published "The Communist Manifesto."

February 26, 1891 --- The first buffalo purchased for Golden Gate Park

February 26, 1919 --- Congress established Grand Canyon National Park in Arizona.

February 27, 1827 --- The first Mardi Gras celebration was held in New Orleans, LA.

February 27, 1951 --- The 22nd amendment to the Constitution was ratified, limiting the President to two terms in office.

February 27, 1991 --- The Gulf War ended after Iraqi troops retreated and Kuwait was liberated.

GENERAL TAX INFORMATION

For answers to your general tax questions, call the Board of Equalization information center. Customer service representatives are available to help you from 8:00 a.m. to 5:00 p.m. Pacific time, Monday through Friday (except state holidays).

Toll-free number: 800-400-7115
TDD service for the hearing impaired
TDD phones: 800-735-2929
Voice phones: 800-735-2922

To reach the Taxpayer Rights Advocate's office for assistance with any BOE issues, see <http://www.boe.ca.gov/tra/tra.htm>, or call toll-free 1-888-324-2798.

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